



The Real Estate ANALYST

SEPTEMBER
1945

Roy Wenzlick
Editor

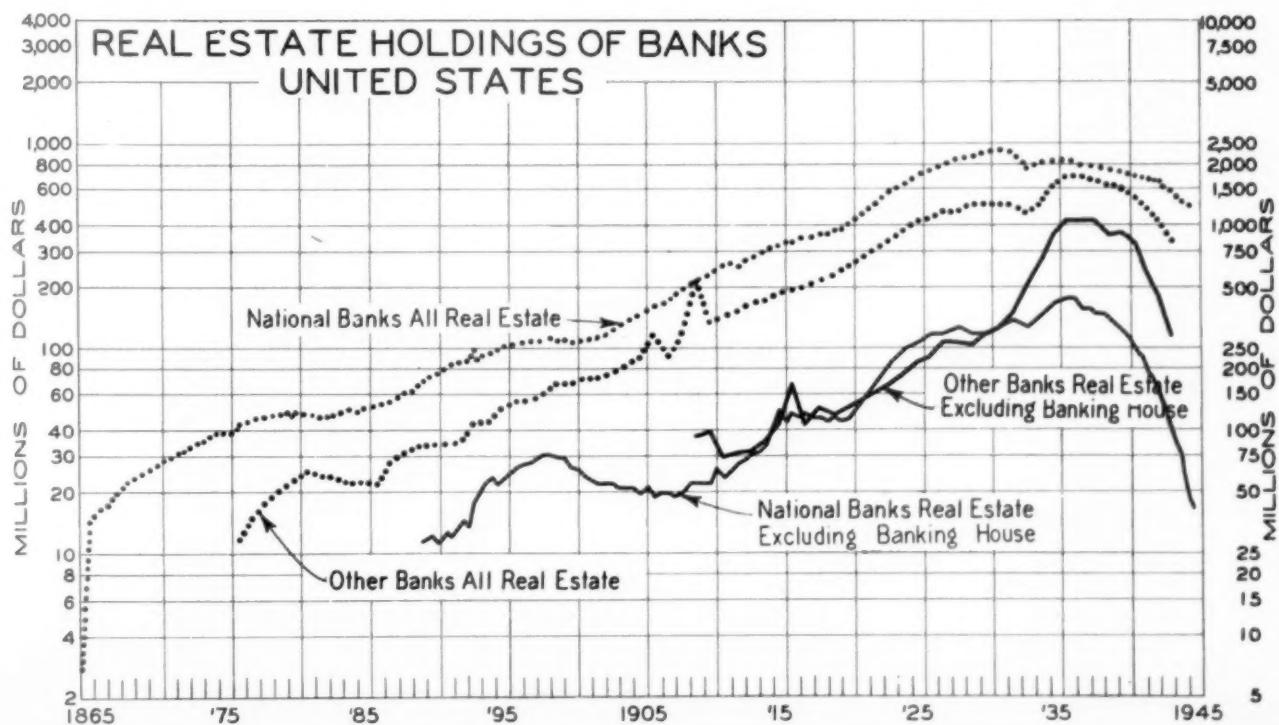
VOLUME XIV

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Surveys....Forecasts
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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

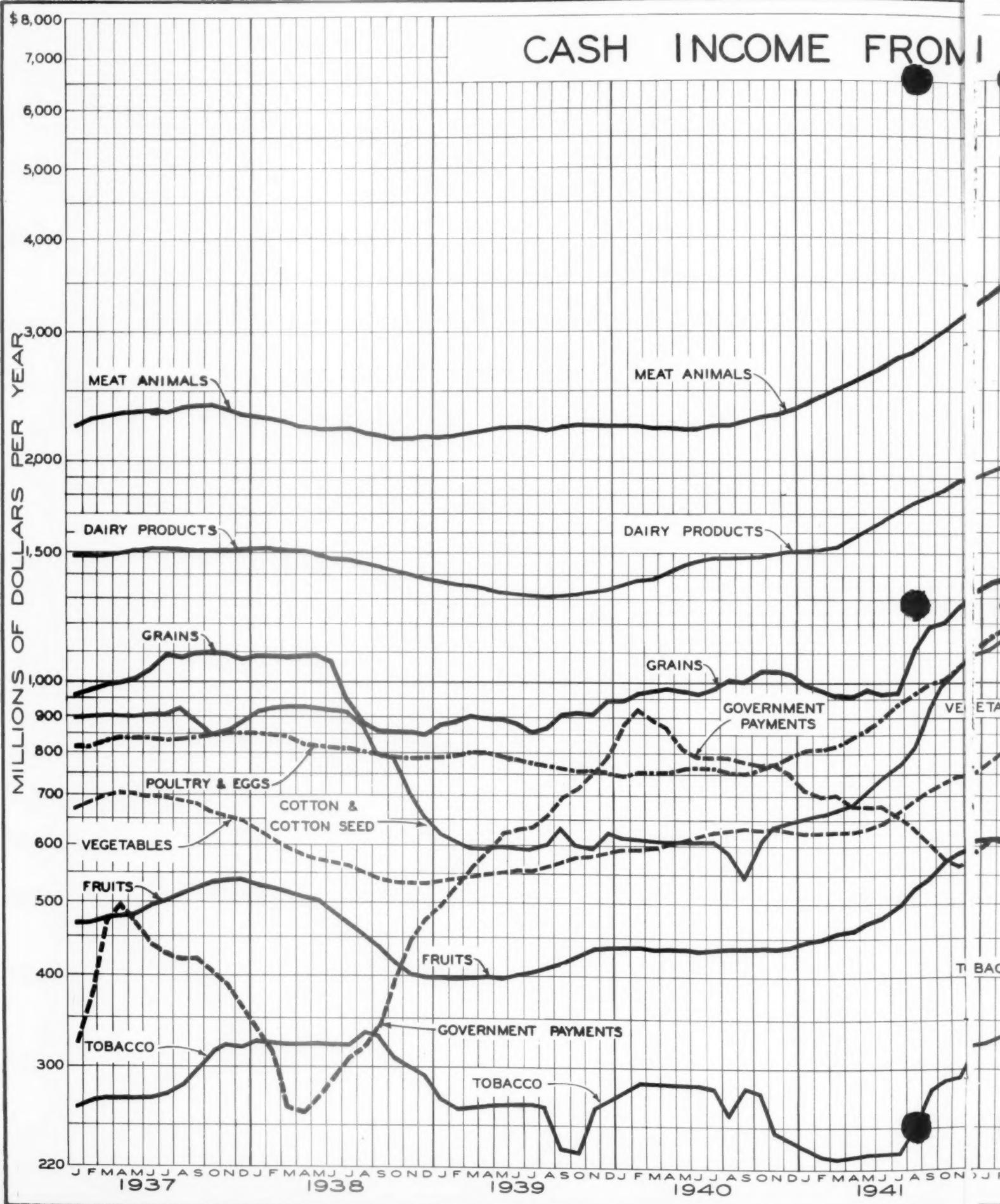
BANKS HAVE DISPOSED OF MOST REAL ESTATE

THE chart at the bottom of this page shows the dollar amount of real estate owned by all national banks in the United States for each year from 1865 to 1945. From 1889 to the present it has been possible to exclude from the real estate account of national banks the real estate used for banking house purposes. This is shown by the solid blue line on the chart, and it will be noticed that the real estate holdings of national banks, excluding the banking house, in the United States in millions of dollars are now less than they have been at any time since 1893. It is rather surprising that the banks now own less real estate than they owned at any time during the First World War period or the period of the real estate boom in the twenties.

The red line on the chart from 1909 to 1943 shows the real estate holdings of all banks other than national banks, including State banks, private banks and savings banks. These banks owned a great deal more real estate exclusive of their banking premises than national banks and have apparently found it more difficult to liquidate it, although the fact that the 1944 figures are still missing confuses the issue. At the end of 1943 the real estate holdings of these banks were practically down to the 1928 level and probably the holdings at the present time are not greater than they were in the early twenties.



CASH INCOME FROM



ON FARM MARKETING



THE FARM OUTLOOK

THE chart on pages 262 and 263 in this report shows cash income from farm marketings. The increase in the value of farm lands during the war period has been primarily due to the increase in the price of the products which the farmer sells.

It is quite interesting in looking over this chart to find out that in spite of the big increase in farm income and the values of farm lands, government payments to farmers are still at a level averaging at least twice as high as they did in the years immediately preceding the war.

Tobacco has had the biggest increase of any of the farm market items, and correspondingly farm lands used for tobacco culture have had a very large percentage of rise.

Cash income from farm marketing of meat animals has apparently passed the peak. The other items are probably at or near the peak at the present time. We do not anticipate any rapid drops in any of these items but rather a slow subsidence, particularly in crops for export purposes.

The monthly cash income figures, converted to moving annual totals, are charted on a ratio scale, a method of charting used quite frequently in our reports. It will be noticed on these charts that equal amounts in dollars are indicated by progressively smaller distances on the chart. The effect of this method of charting is that the slope of any line on the chart will indicate the rate of percentage increase in the figures and this will be true regardless of whether the line being charted is in the lower part or the upper part of the chart. This can best be demonstrated by several illustrations. From the beginning of July 1938 until the beginning of May 1939 government payments increased from a rate of three hundred million to six hundred million dollars per year, as is shown by the dashed line on the chart. This is an increase of 100 per cent, as the figures doubled during the period. Cash income from the sale of meat animals from March 1941 to February 1943 increased from two billion, five hundred million dollars per year to five billion dollars per year. This is also an increase of 100 per cent, and if the distance between three hundred million and six hundred million is measured on the grid of this chart, it will be found to agree exactly with the distance from two billion, five hundred million to five billion, and this same measurement in inches will be found to hold true at any place on the scale. It will be identical with the distance from four hundred million to eight hundred million, from five hundred million to one billion, from one billion to two billion, etc.

The doubling of government payments as used in this illustration occurred in a period of ten months, while the doubling of the cash income from the sale of meat animals occurred in twenty-three months.

On a ratio chart any lines which move in a parallel direction are changing at the same rate. Since the line showing the cash income from the sale of poultry and eggs has been rising faster since February 1941 than cash income from dairy products, it would indicate that the income from poultry and eggs has been increasing at a faster rate than the income from dairy products. If this general principle of ratio charts is understood, it will convey considerably more information to the informed reader than it will to the person who merely considers a chart a chart. Ratio charts are sometimes called semi-logarithmic charts, or logarithmic charts for short.

BUSINESS STILL AT HIGH LEVEL

THE charts on pages 266 to 273 in this report show business indexes for all principal cities of the United States, month by month, from 1919 through August of 1945. These indexes are based on the volume of check transactions for each city.

The figures for all cities have been adjusted for seasonal fluctuations and for population changes and are expressed as percentages above or below a long-term computed normal. The percentages above normal are shown by the blue areas on the chart; the percentages below normal are indicated by the red areas.

The large chart in the upper left-hand corner of the spread shows the average (median) of all cities charted with the exception of those in which peculiar conditions have clearly destroyed the effectiveness of check transactions as an index of business conditions.

During the thirties the figures for many State capitals were badly inflated by government payments of various types which cleared through the local clearing houses. All State capitals on our charts are indicated by a red dot following the name of the city. We think that Albany, New York, forms a very good example of this type of city. From 1933 on, government payments clearing through Albany have distorted the curve to the point where it is of comparatively little value.

The national average reached a peak in June of this year of 118 per cent above normal and has remained above the level of the corresponding months of last year.

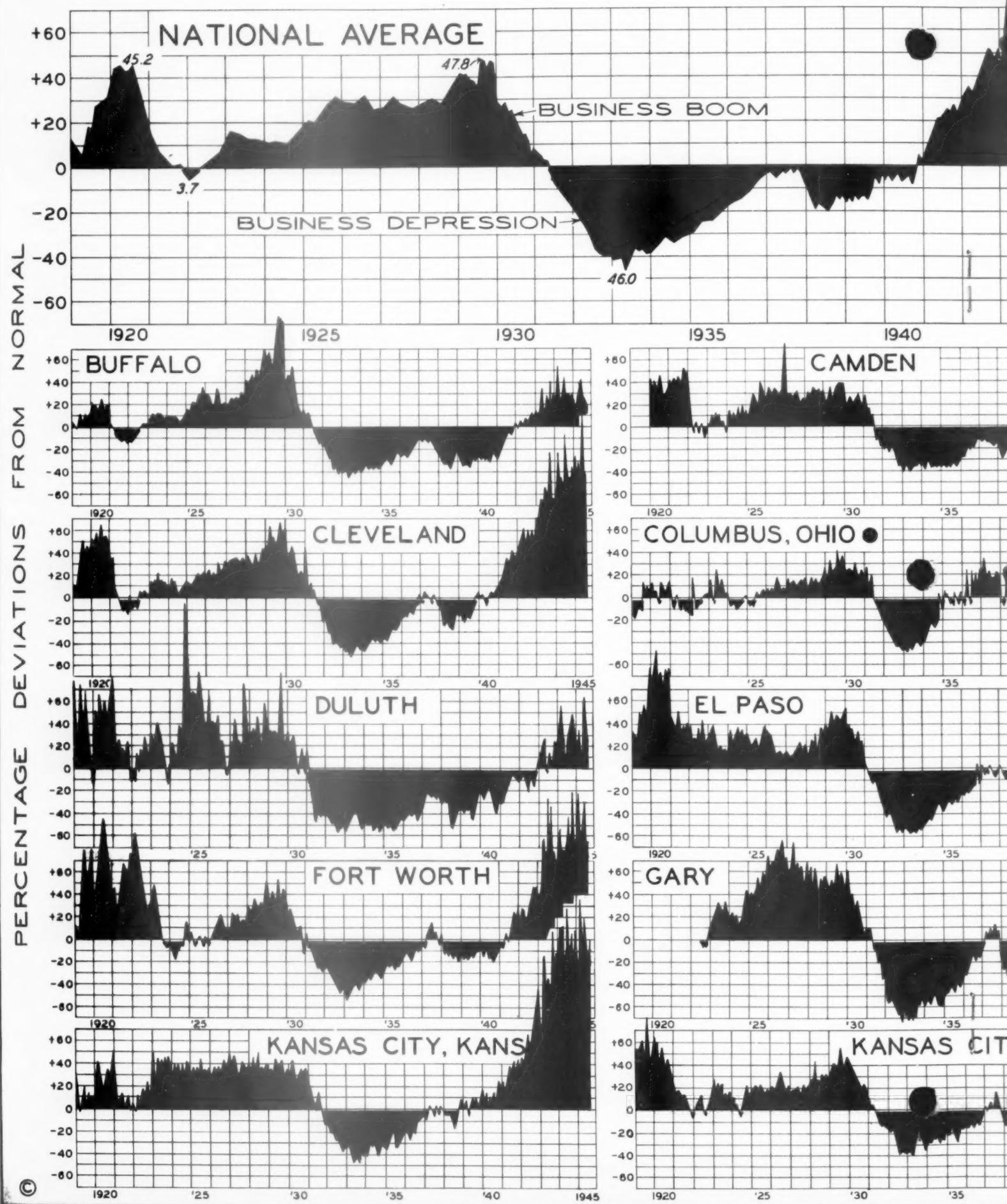
One factor that must be taken into consideration in the use of check transaction figures as a business index over a long period is that the dollar total of check transactions each month is affected by the changes in general prices, necessitating a larger or smaller dollar volume of check transactions to do the same volume of business. This will be noticed particularly on some of the charts in the years 1919 to 1920 when general prices were rising rapidly. It is also apparent in the price increases since 1940.

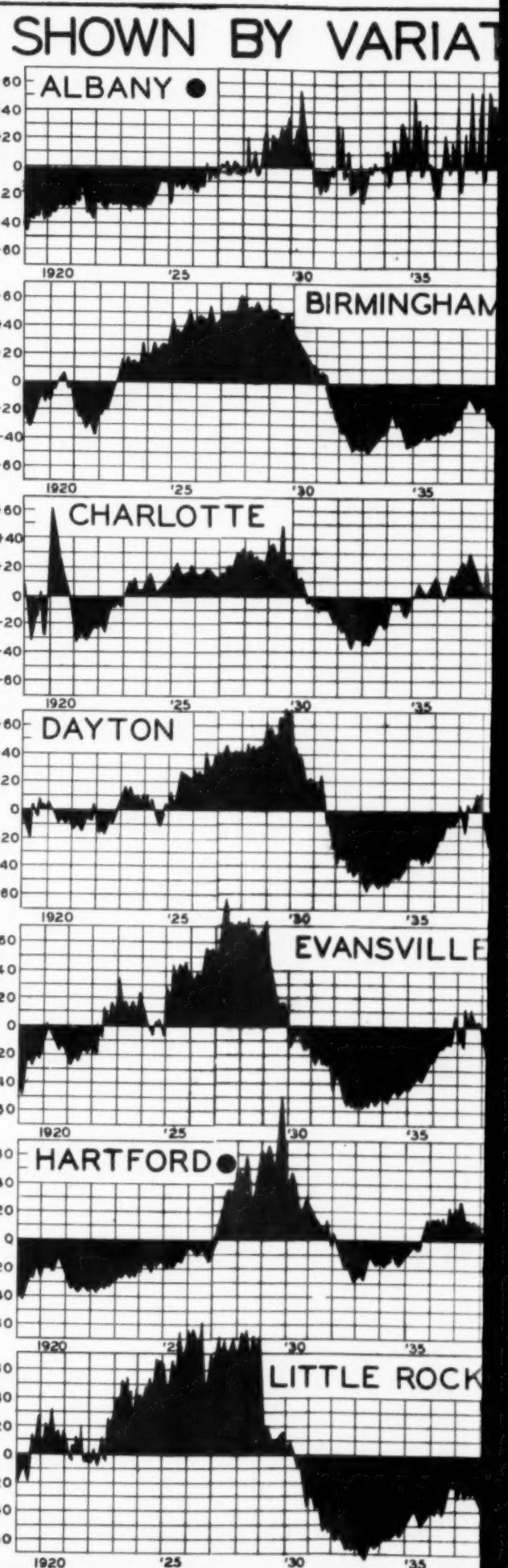
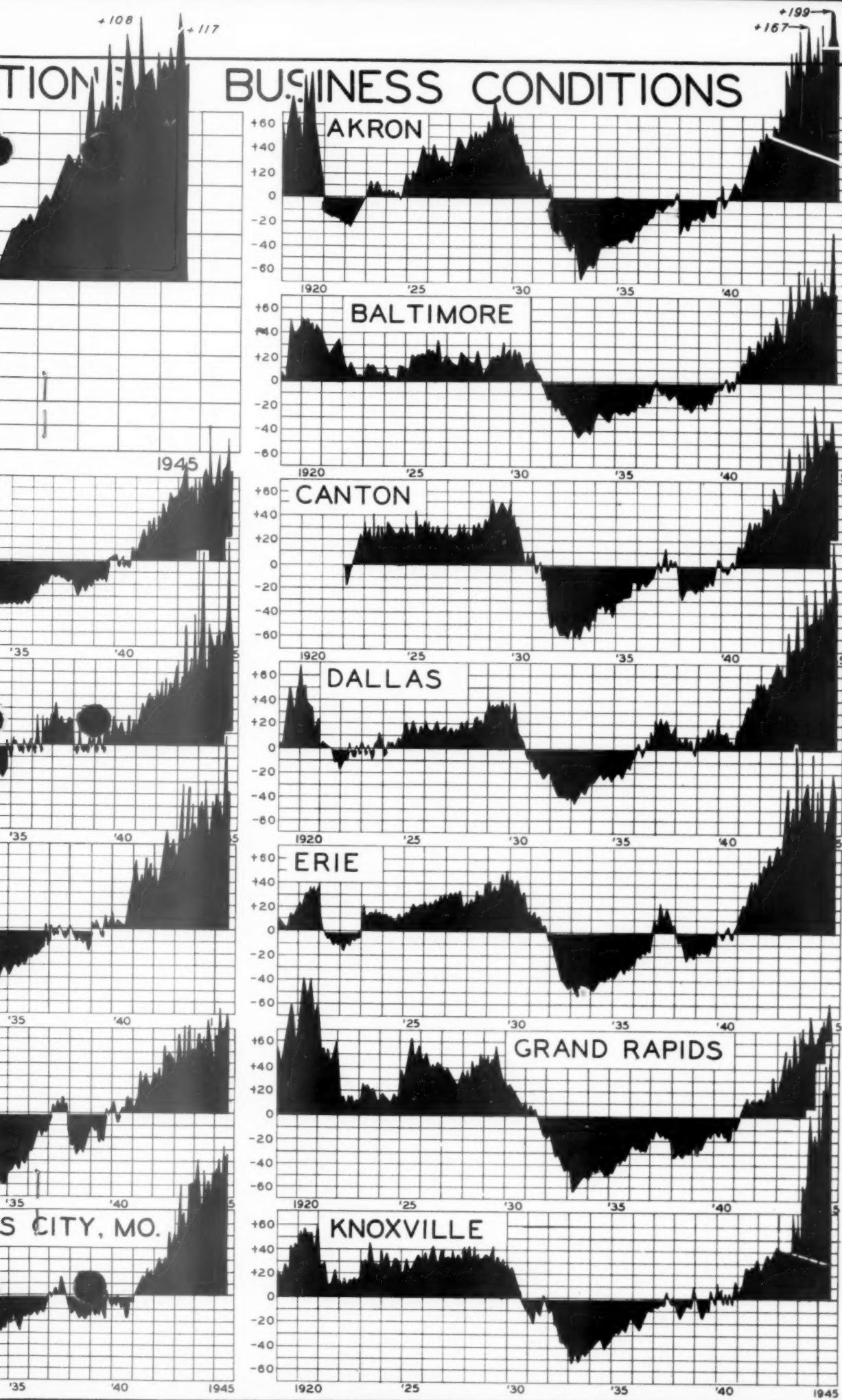
In order to make mental adjustments easier in studying the charts for individual cities we have charted in the upper right-hand corner of this spread both wholesale commodity prices and the cost of living since 1919.

The charts themselves are more or less self-explanatory and should be given considerable study. The tremendous war boom in some cities shows up quite strongly in contrast with conditions in cities which have secured relatively little war business. Possibly one of the most interesting comparisons would be that of New York City and Wichita, Kansas. In Wichita at the peak check transactions in relation to population were running 302 per cent above the computed long-term normal. In New York City at the peak check transactions reached a point 56 per cent above the long-term computed normal. The boom in Wichita started during the early part of 1941, but in New York City check transactions did not really get above normal until 1944.

Since the last figures available are for August, the effect of the end of the war is not yet apparent on these charts.

FLUCTUATION





VARIATIONS IN CHECK TRANSACTION

VARIATIONS IN CHECK TRANSACTION

VARIATIONS IN PRINCIPAL

BIRMINGHAM

ANSVILLE

LE ROCK

ATLANTA

BOSTON

CHATTANOOGA

DENVER

FALL RIVER

HOUSTON

LONG BEACH

CHICAGO

DES MOINES

FLINT

INDIANAPOLIS

+172-1

WHOLE

WHOLE

1920

'25

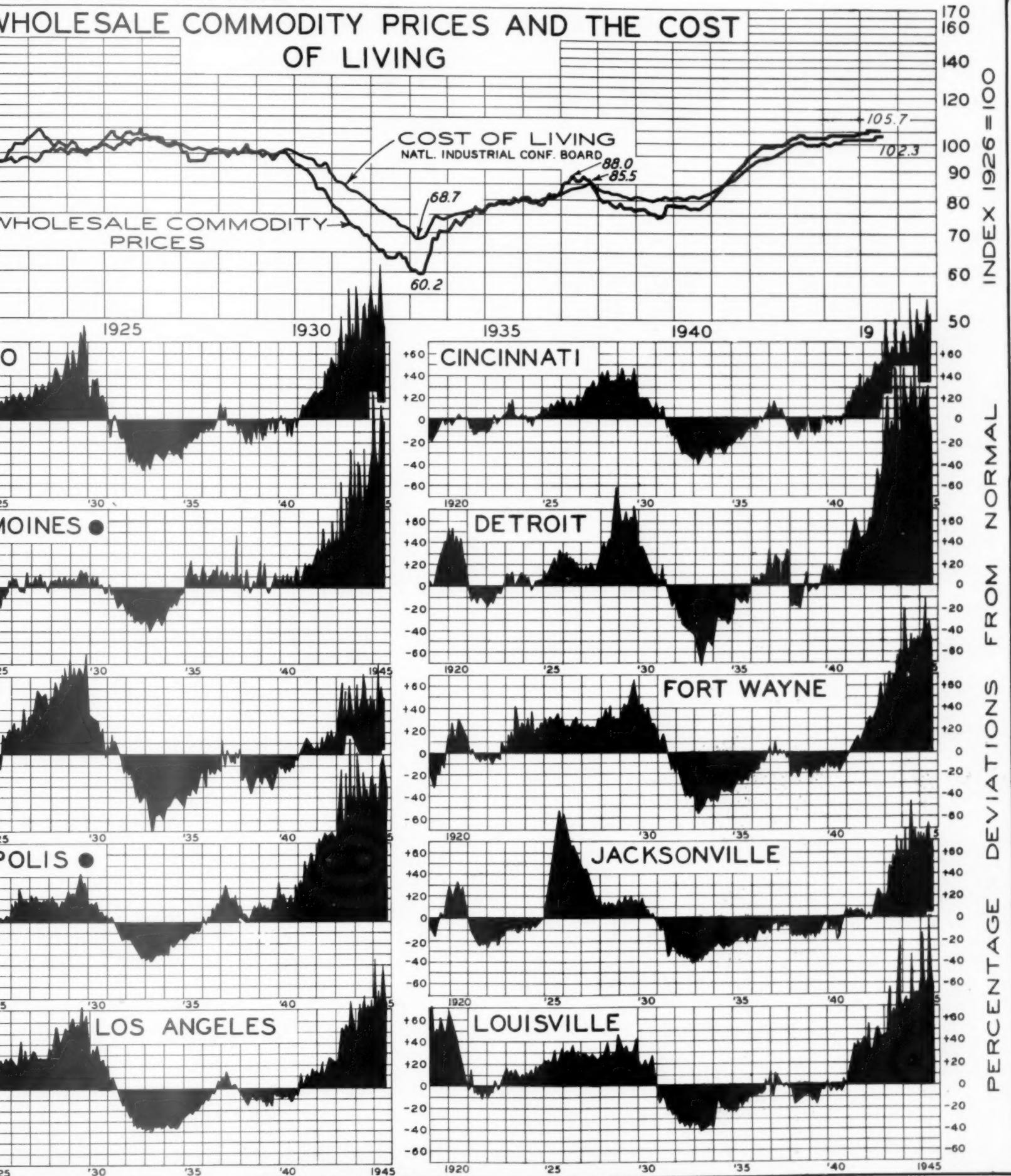
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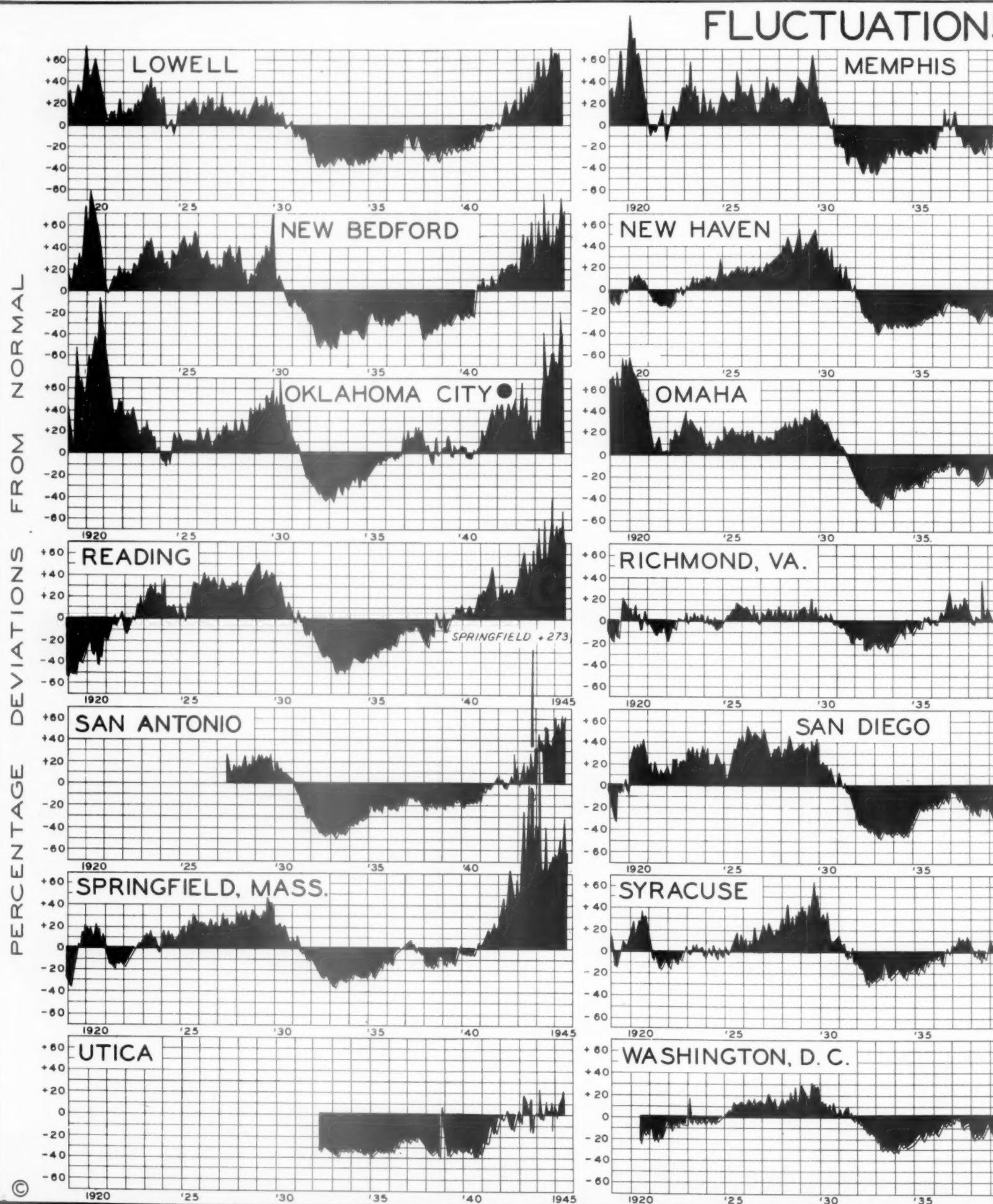
268

PRINCIPAL CITIES

WHOLESALE COMMODITY PRICES AND THE COST OF LIVING

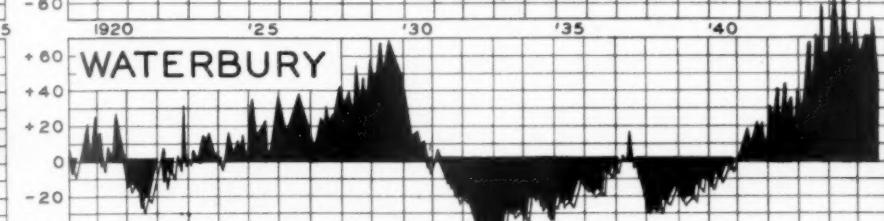
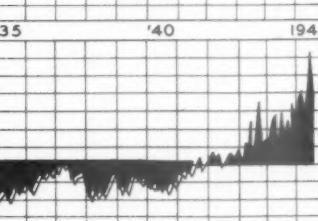
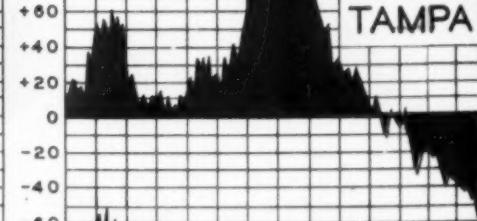
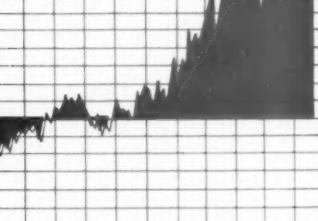
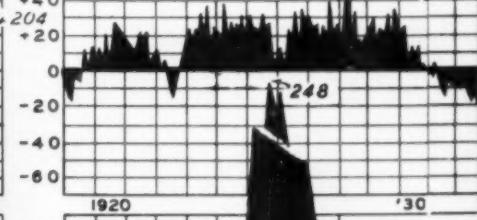
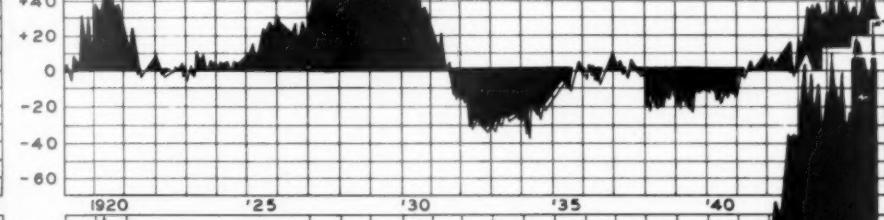
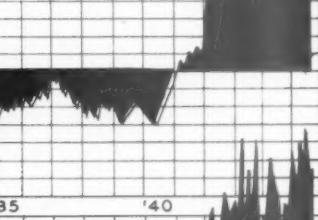
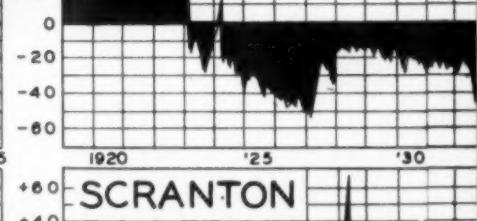
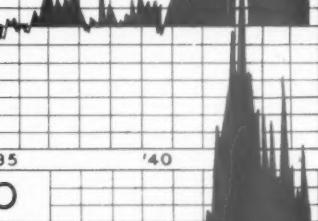
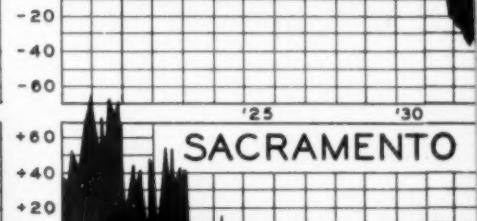
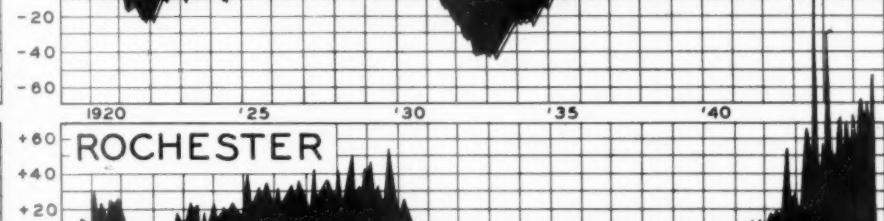
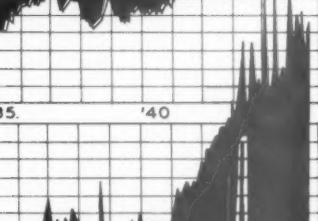
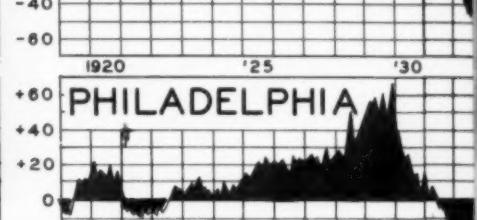
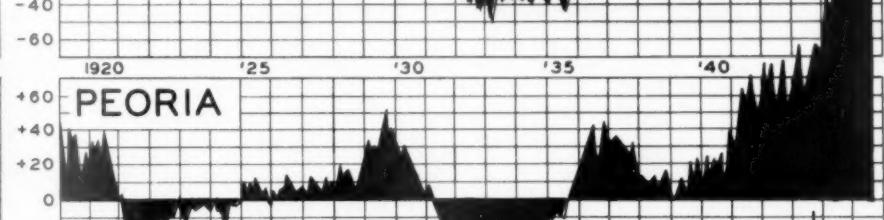
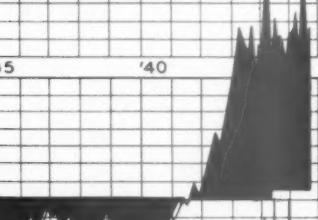
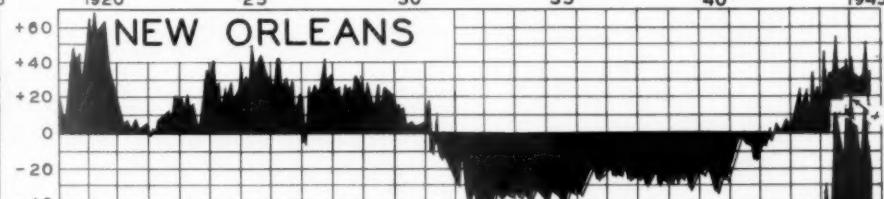
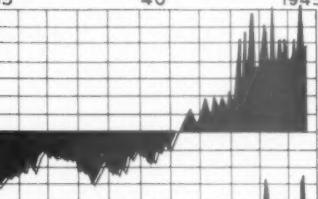
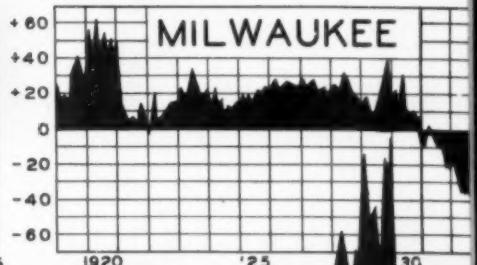
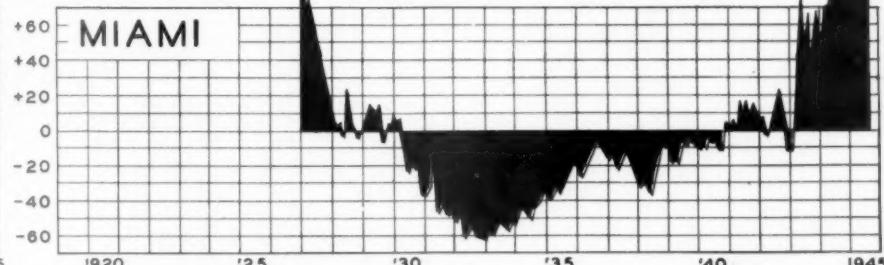
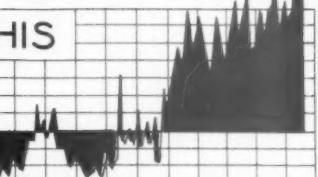


FLUCTUATION

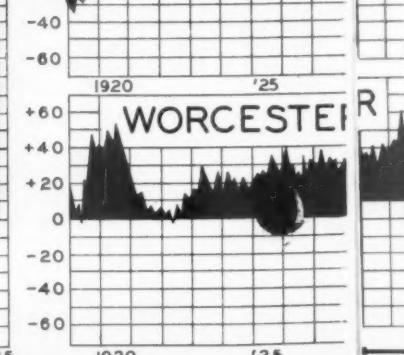
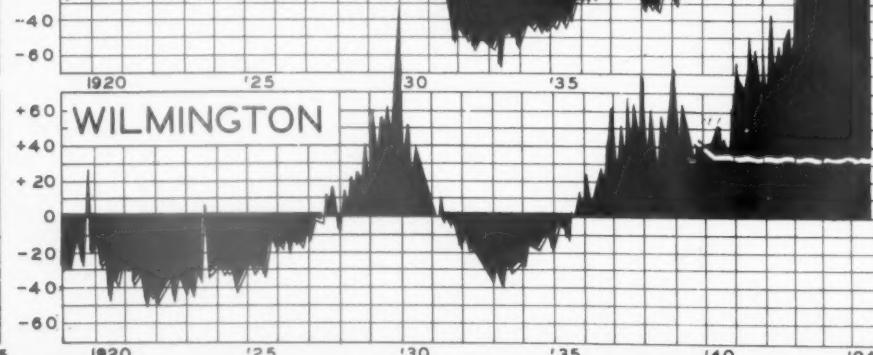
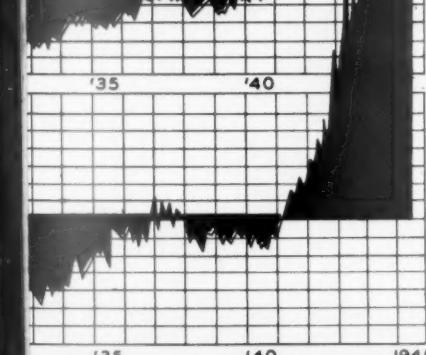
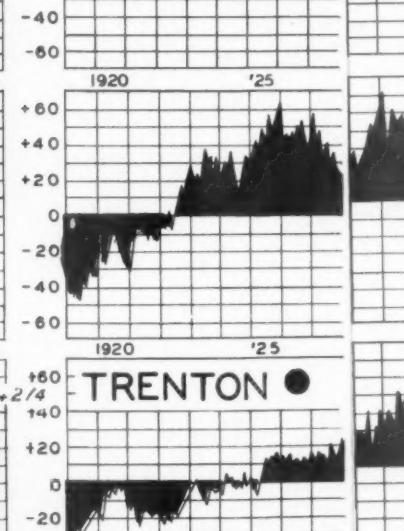
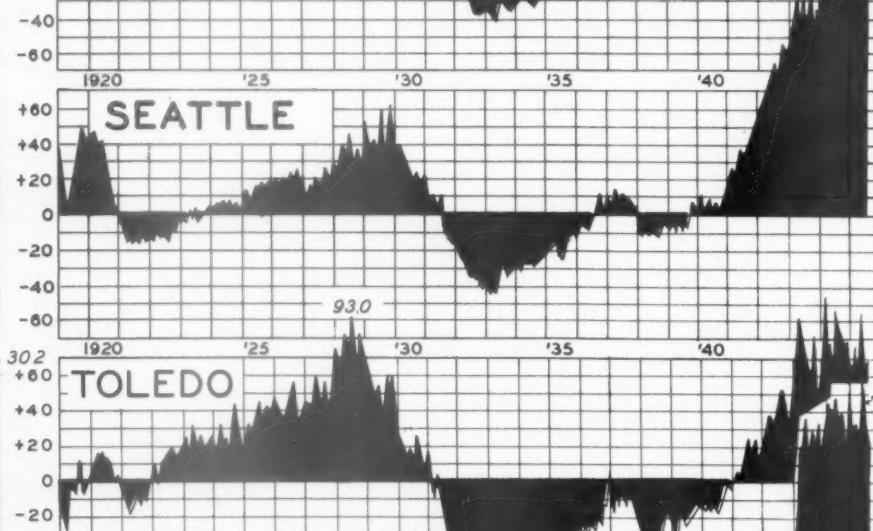
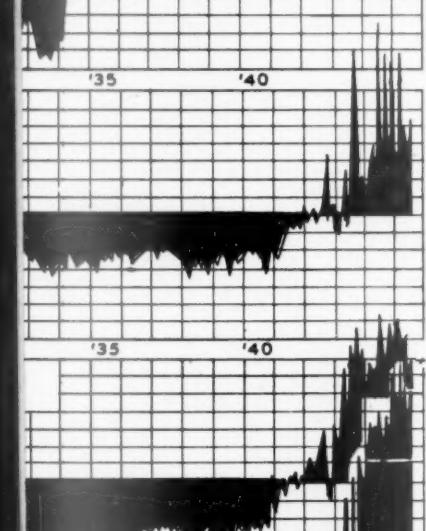
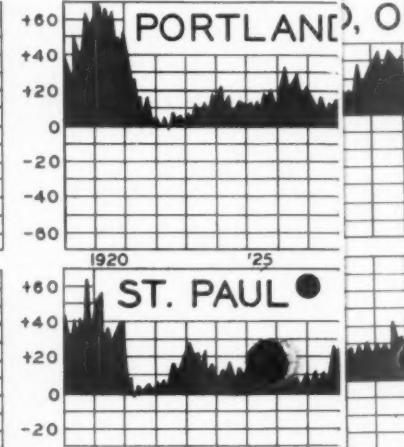
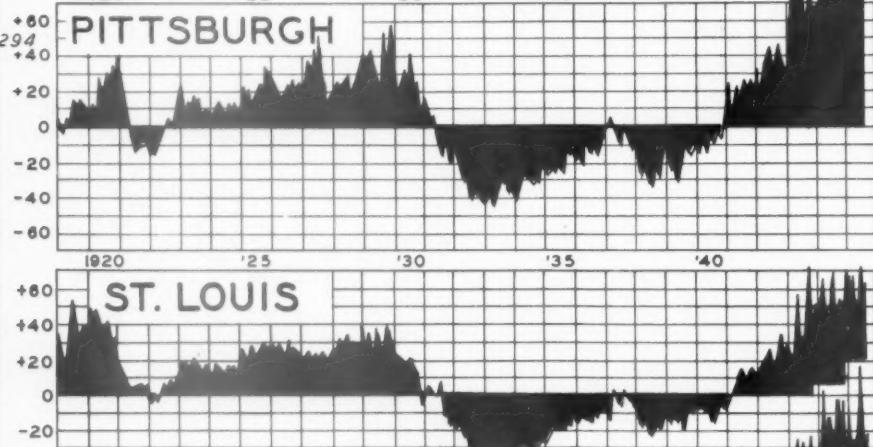
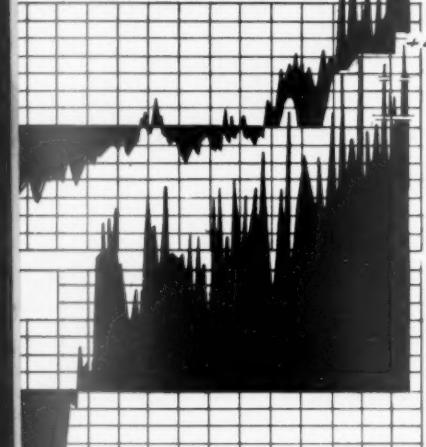
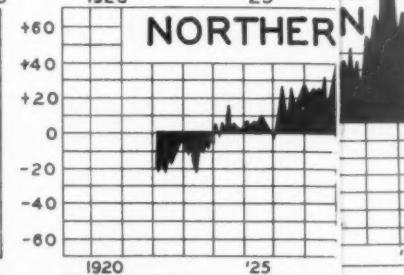
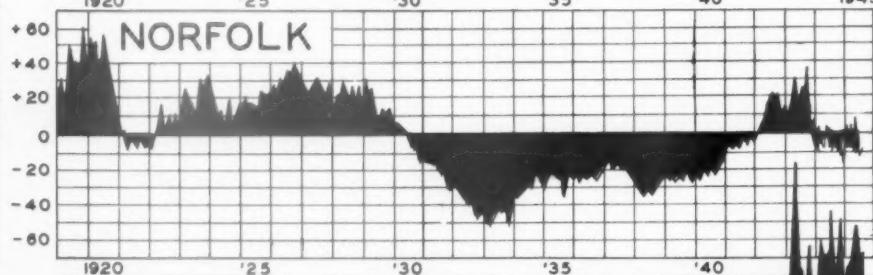
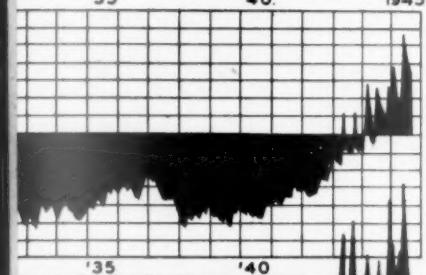
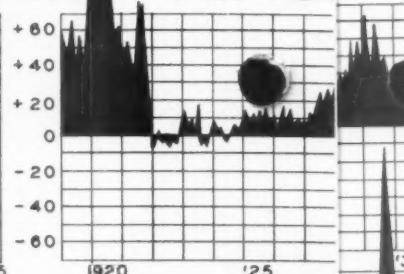
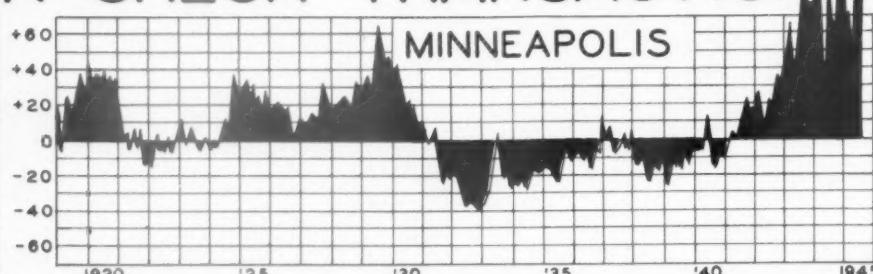
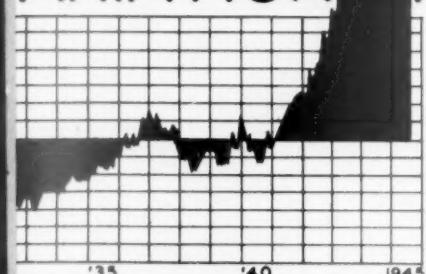


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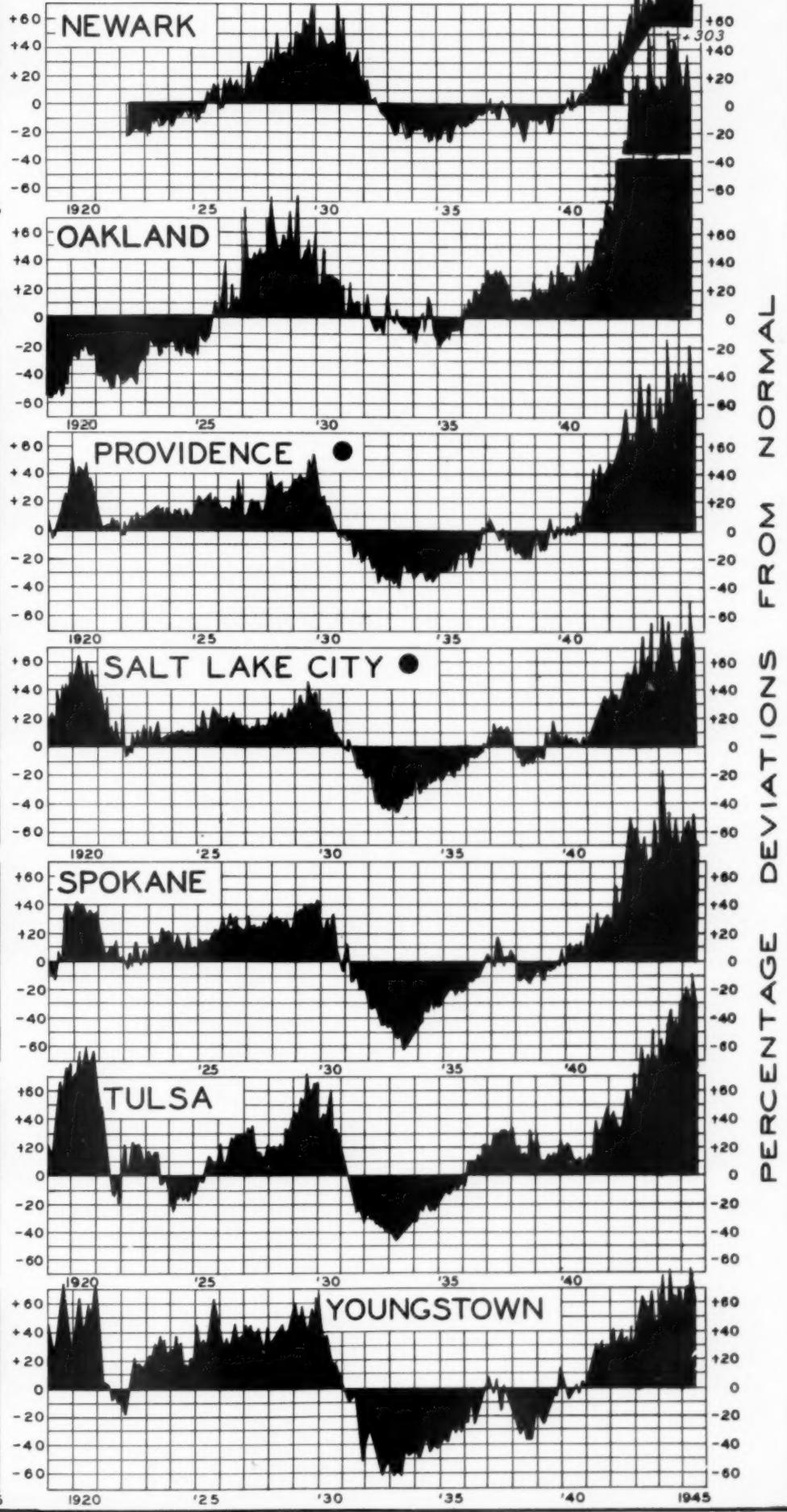
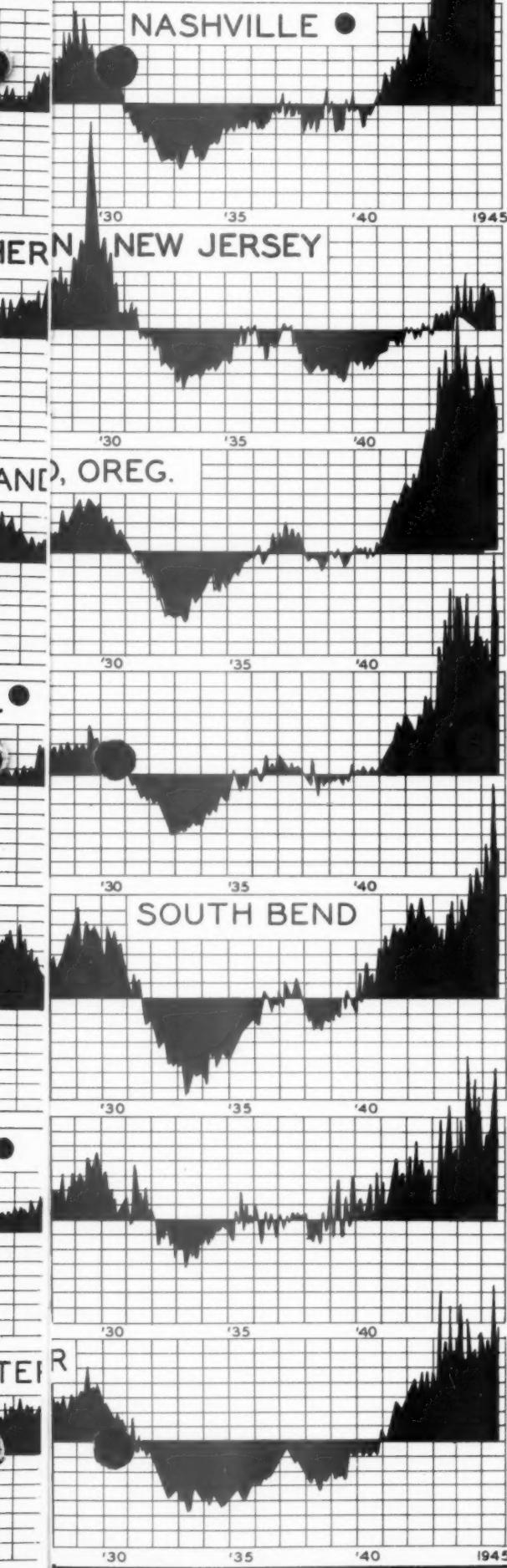
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VARIATION IN CHECK TRANSACTIONS



PRINCIPAL CITIES



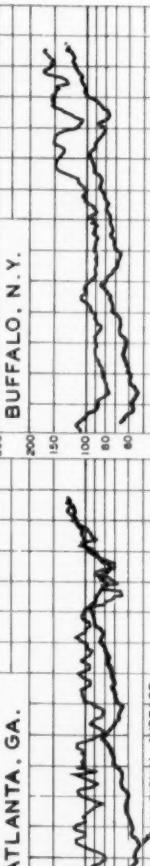
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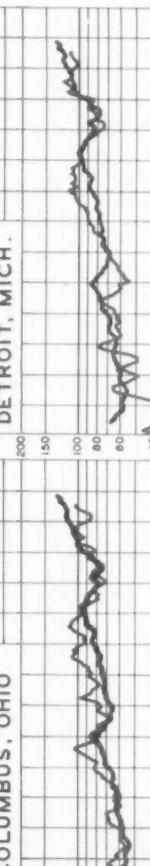
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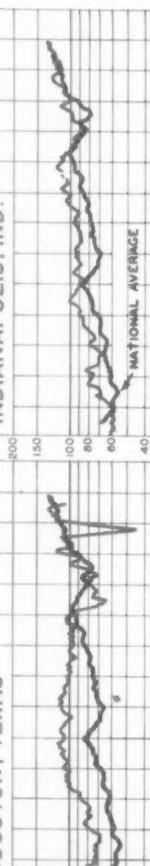
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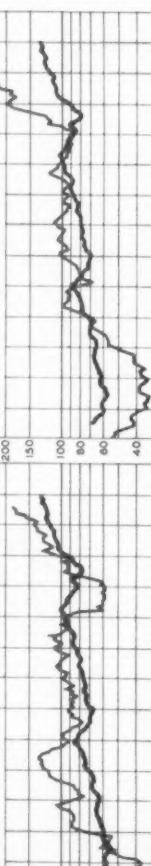
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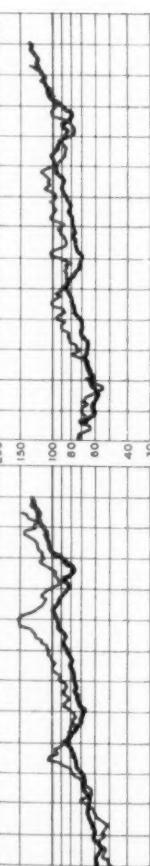
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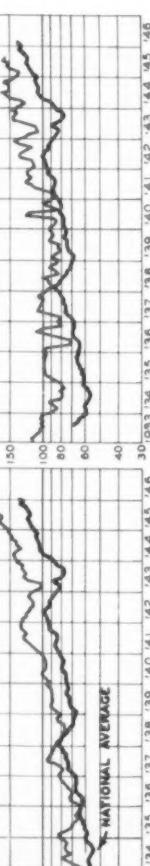
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SYRACUSE, N.Y.



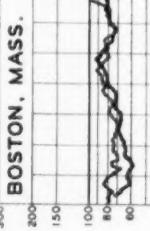
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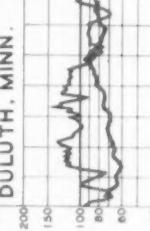
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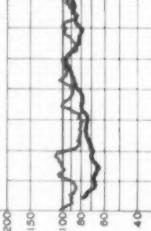
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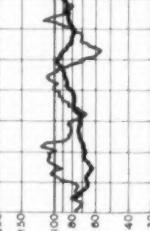
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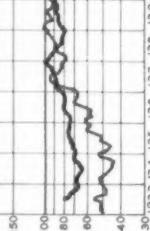
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KANSAS CITY, MO.



OKLAHOMA CITY, OKLA.



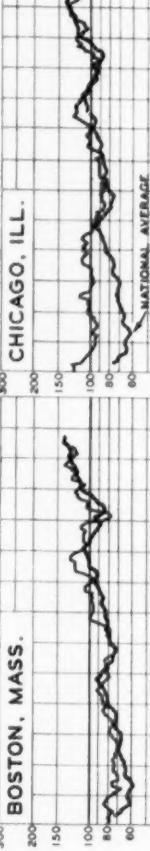
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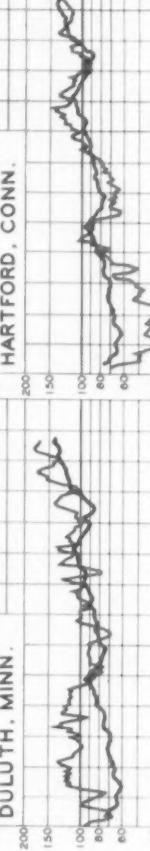
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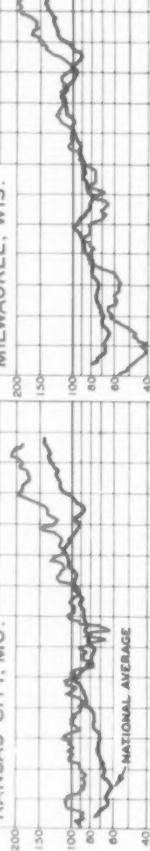
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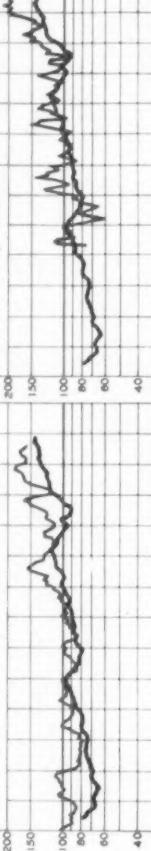
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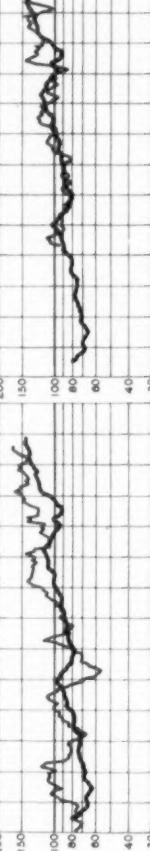
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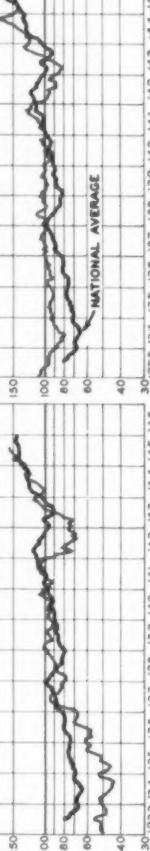
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PORTLAND, OREG.

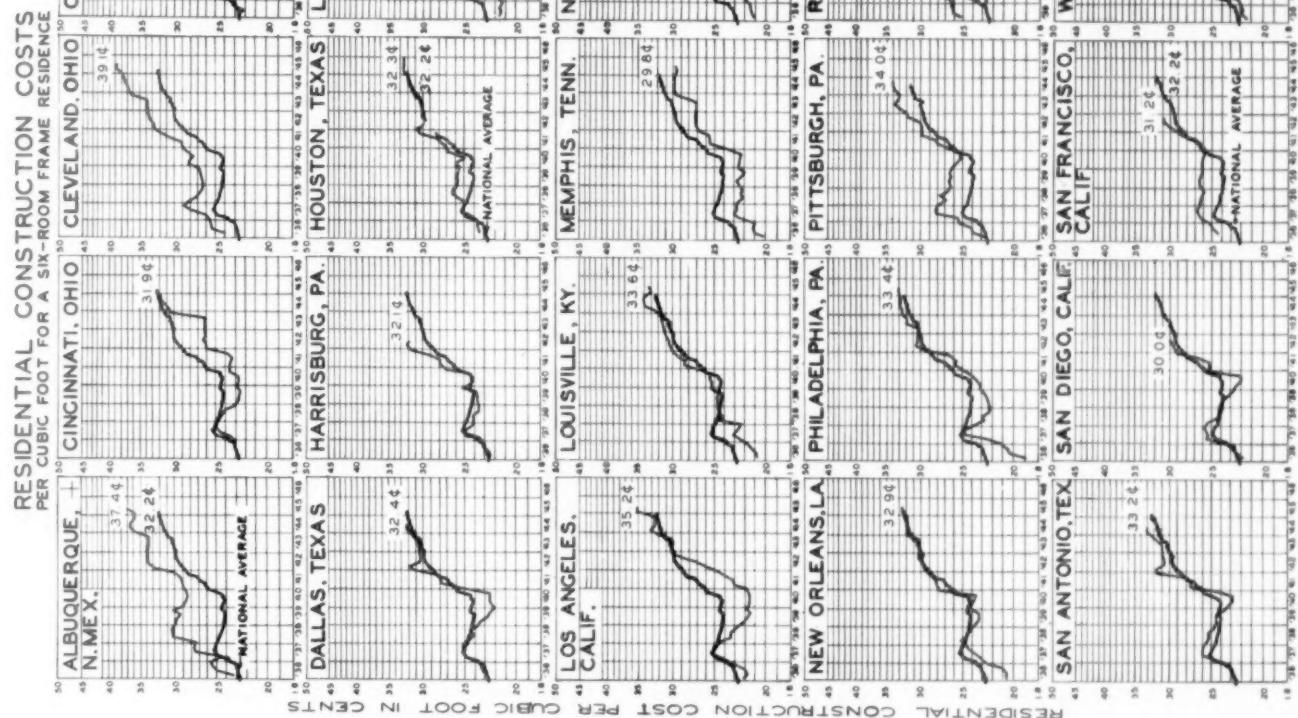
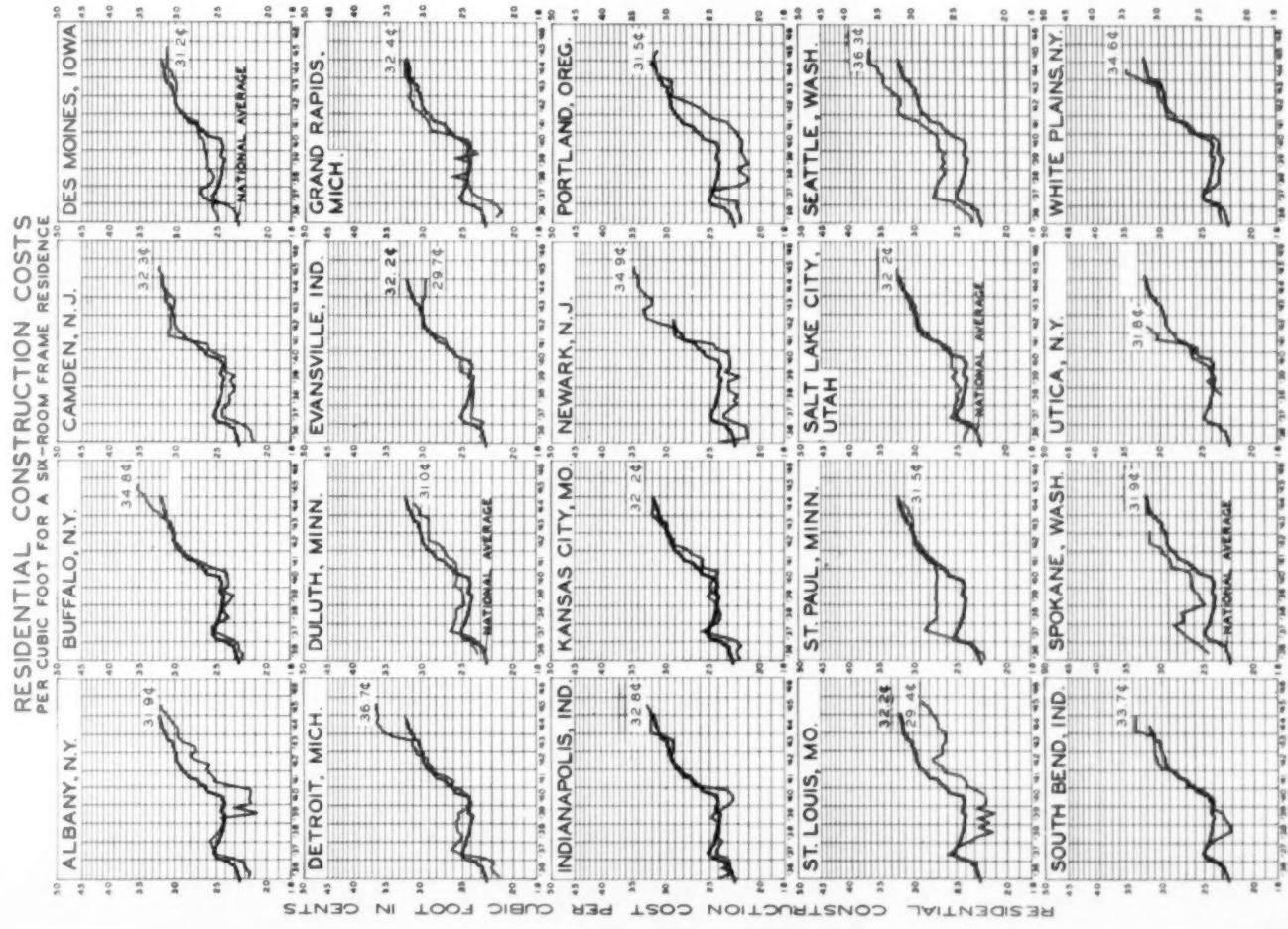


SPRINGFIELD, OHIO



ATLANTA, GA.



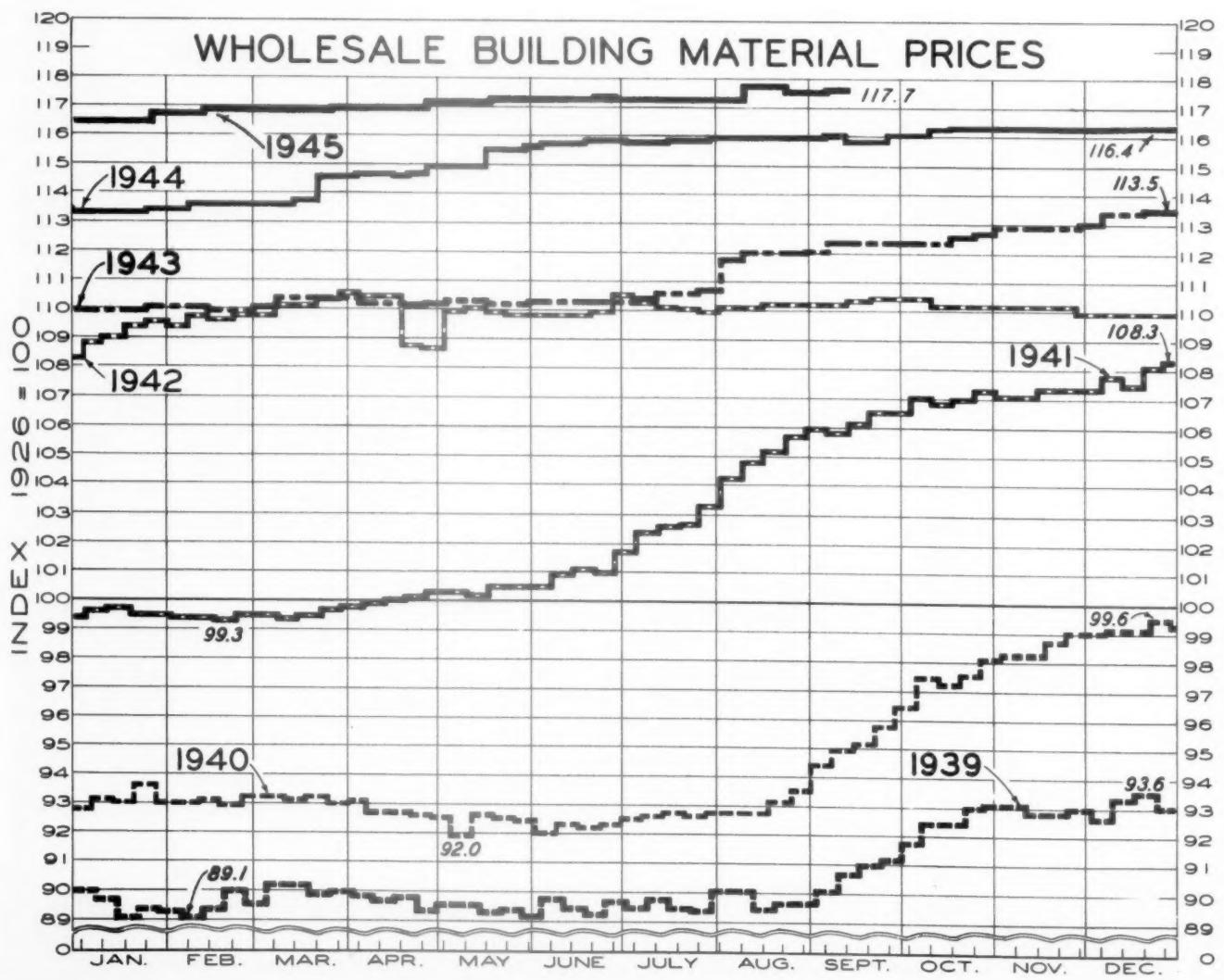


DWELLING UNITS CONSTRUCTED IN 48 STATES

THE number of new family accommodations built in all nonfarm communities of the 48 States and the District of Columbia is shown in the table below. Cumulative totals and twelve month moving totals are shown in blue for 1942 and 1944 and in red for 1943 and 1945.

THOUSANDS OF UNITS

	MONTHLY				CUMULATIVE				12 MONTH MOVING TOTAL			
	1942	1943	1944	1945	1942	1943	1944	1945	1942	1943	1944	1945
JANUARY	34.5	450	17.3	7.4	34.5	45.0	17.3	7.4	708.5	507.1	322.3	159.1
FEBRUARY	51.3	40.1	13.5	8.5	85.8	85.1	30.8	15.9	716.1	495.9	295.7	154.1
MARCH	52.7	33.0	18.1	13.5	138.5	118.1	48.9	29.4	708.6	476.2	280.8	149.5
APRIL	59.7	26.7	14.3	19.0	198.2	144.8	63.2	48.4	693.1	443.2	268.4	154.2
MAY	60.6	33.6	16.5	19.9	258.8	178.4	79.7	68.3	683.0	416.2	251.3	157.6
JUNE	46.3	21.8	17.5	21.5	305.1	200.2	97.2	89.8	652.1	391.7	247.0	161.6
JULY	26.7	24.2	14.5	25.2	331.8	224.4	111.7	115.0	604.2	389.2	237.3	172.3
AUGUST	27.5	27.6	12.8		359.3	252.0	124.5		561.9	389.3	222.5	
SEPTEMBER	40.4	24.3	11.3		399.7	276.3	135.8		535.3	373.2	209.5	
OCTOBER	32.2	28.1	10.8		431.9	304.4	146.6		511.3	369.1	192.2	
NOVEMBER	30.4	26.1	11.6		462.3	330.5	158.2		495.1	364.8	177.7	
DECEMBER	34.3	19.5	10.8		496.6	350.0	169.0		496.6	350.0	169.0	





EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

SEPTEMBER
1945

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Real Estate Economists, Appraisers and Counselors

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Roy Wenzlick
Editor

REAL ESTATE ACTIVITY

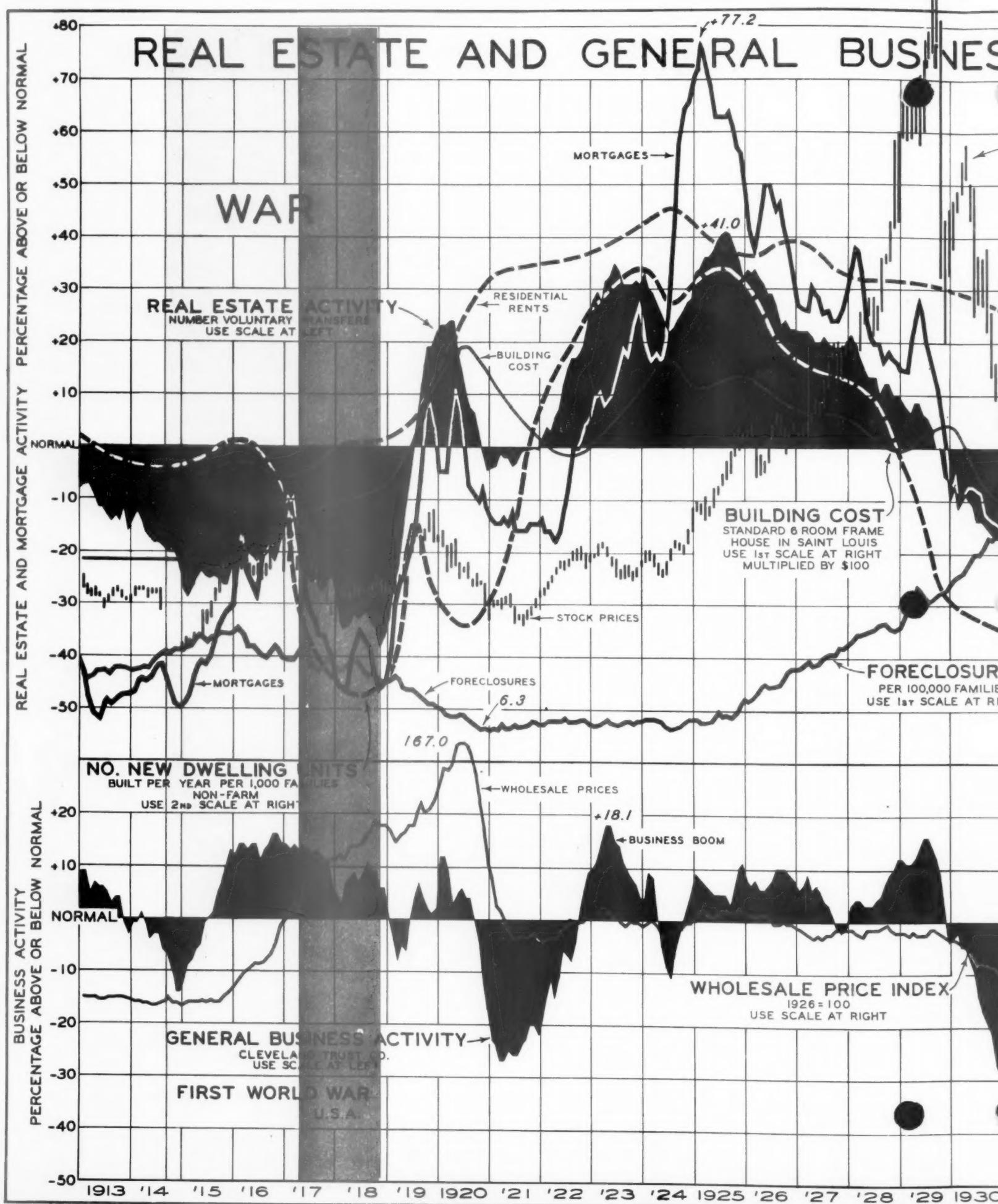
Our preliminary figure for the month of August shows real estate activity in urban areas of the United States to have been 55.6 per cent above the long-term computed normal. It should be remembered that all of the figures since May should have reflected the situation as it developed after V-E Day and the August figures should include some slight effect for V-J Day. In view of transitional unemployment resulting from the cancellation of war contracts, it is quite significant that the preliminary figure for August is higher than any of the preceding months, with the exception of July, and it is only 0.2 per cent below that. The final figures may even show that August set a new high. In the table below we are showing the percentages above or below normal in real estate activity since 1939.

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>
January	-18.1	- 7.5	+ 4.5	+14.2	- 5.5	+28.2	+46.1
February	-17.2	- 7.3	+ 9.7	+14.3	- 6.2	+30.7	+47.8
March	-17.1	- 7.8	+14.1	+ 9.9	- 4.3	+32.4	+53.8
April	-15.8	- 5.2	+14.2	+ 7.5	+ 2.2	+34.2	+54.4
May	-16.7	- 2.1	+14.9	+ 4.4	+ 5.0	+32.7	+54.7
June	-14.7	- 1.3	+15.9	+ 2.4	+ 8.6	+36.2	+55.6
July	-14.7	+ 0.8	+17.0	+ 2.2	+11.0	+38.6	+55.8
August	-11.6	+ 1.0	+19.3	+ 1.3	+18.7	+42.5	+55.6P
September	-11.1	+ 3.1	+22.1	+ 5.7	+24.4	+44.2	
October	-10.4	+ 4.1	+23.6	+ 8.0	+26.4	+48.3	
November	-10.7	+ 2.2	+19.9	+ 6.8	+28.6	+48.2	
December	- 8.1	+ 1.9	+18.1	+ 1.1	+28.4	+45.2	

p - preliminary

RESIDENTIAL BUILDING

We have constantly said that we thought that residential building would not start up as rapidly in the postwar period as many people expected. A year and a half ago we criticized the forecast of one material manufacturer that in the first ten postwar years we would build twenty million new family accommodations on the assembly line. In order to do this since building starts slowly, it would mean that we would have to reach a peak year of some four to seven million units and, according to this forecast, this would be units built on the assembly line only and in addition to conventionally built housing and government housing. In contrast, our guess on the number of non-farm dwelling units to be built in the period ahead is as follows: 1945 - 200,000; 1946 - 500,000; 1947 - 700,000; 1948 - 800,000; 1949 - 1,000,000; and 1950 - 800,000.



BUSINESS INDICATORS

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REAL ESTATE ECONOMISTS
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APPRAISERS AND COUNSELORS
SAINT LOUISSTOCK PRICES
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HIGH & LOW FOR MONTH
USE 3RD SCALE AT RIGHTRESIDENTIAL RENTS
84.6RESIDENTIAL RENTS
1923 = 100
USE 1ST SCALE AT RIGHTFORECLOSURES
1,000 FAMILIES
SCALE AT RIGHTCLOSURES
1,000 FAMILIES
SCALE AT RIGHTNO. REAL ESTATE MORTGAGES
USE SCALE AT LEFTEX
-49.2

BUSINESS DEPRESSION

WAR

SECOND WORLD WAR
— U.S.A.

140 70 350

130 65 325

120 60 300

110 55 275

100 50 250

90 45 225

80 40 200

70 35 175

60 30 150

50 25 125

40 20 100

30 15 75

20 10 50

10 5 25

0 0 0

140

120

100

80

60

40

20

0

WHOLESALE PRICE INDEX
1926 = 100

29 1930 '31 '32 '33 '34 1935 '36 '37 '38 '39 1940 '41 '42 '43 '44 1945 '46